CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 23, 2018

H.R. 6313
Responsible Additions and Increases to Sustain Employee Health Benefits Act of 2018

As reported by the House Committee on Ways and Means on July 19, 2018

H.R. 6313 would amend the Internal Revenue Code to allow unused balances in health Flexible Spending Arrangements (FSAs) to be carried forward for future use.

Under current law, the treatment of unspent FSA funds at the end of a plan year depends on the plan sponsor's rules. Funds might be forfeited under the "use it or lose it" rule, or treated under a special rule that allows one of two options: spend funds over the next two and one-half months (the grace period option), or carryover up to $500 to the next plan year (the carryover option). This bill would allow plan sponsors to give employees the option to carry forward the full amount of the leftover funds to the next year of the FSA plan. If the amount carried forward exceeds $500, the maximum amount an employee could contribute pre-tax to the FSA in the next plan year would be reduced by the amount that the carryover exceeds $500.

The staff of the Joint Committee on Taxation (JCT) estimates that enacting H.R. 6313 would reduce revenues by $634 million over the 2019-2028 period. The change in revenues includes a reduction of $204 million over the 2019-2028 period that would result from changes in off-budget revenues (from Social Security payroll taxes). CBO estimates that enacting H.R. 6313 would not affect direct spending.

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting revenues or direct spending. The net changes in revenues and direct spending that are subject to those pay-as-you-go procedures are shown in the following table. Only on-budget changes to revenues and direct spending are subject to pay-as-you-go procedures.

CBO and JCT estimate that enacting H.R. 6313 would not increase on-budget deficits by more than $5 billion in any of the four 10-year periods beginning in 2029. CBO estimates that enacting the bill would not increase net direct spending in any of the four consecutive 10-year periods beginning in 2029.

JCT has determined that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Kathleen Burke. The estimate was reviewed by John McClelland, Assistant Director, Tax Analysis Division.

CBO Estimate of Pay-As-You-Go Effects for bill H.R. 6313, as reported by the House Committee on Ways and Means on July 19, 2018.

	By Fiscal Year, in Millions of Dollars												
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
NET INCREASE OR DECREASE (-) IN THE ON-BUDGET DEFICIT													
Statutory Pay-As-You-Go Effects	0	22	34	40	43	44	45	46	51	52	52	183	430
Memorandum:[a]													
Change in On-Budget Revenues	0	-22	-34	-40	-43	-44	-45	-46	-51	-52	-52	-183	-430
Change in Off-Budget Revenues[b]	0	-11	-17	-20	-21	-22	-22	-22	-23	-23	-23	-91	-204

Source: Staff of the Joint Committee on Taxation.

Note: Components do not add to totals due to rounding.

a. A negative sign for revenues indicates a reduction in revenues.
b. Off-budget revenues result from changes in Social Security payroll tax receipts.